

Message Text

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ACTION ARA-14

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-05 H-01 INR-10
L-03 NSAE-00 NSC-05 PA-01 SP-02 SS-15 USIA-06
EB-08 TRSE-00 LAB-04 SIL-01 MCT-01 SY-05 COME-00
DOE-11 SOE-02 OES-07 INT-05 /107 W
-----093781 181256Z /17

P R 172129Z FEB 78
FM AMEMBASSY BOGOTA
TO SECSTATE WASHDC PRIORITY 6448
INFO AMEMBASSY CARACAS
USSOUTHCOM
AMCONSUL BARRANQUILLA POUCH
AMCONSUL CALI POUCH
AMCONSUL MEDELLIN POUCH

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E.O. 11652: N/A
TAGS: PINS, PINT, PGOV, ECON, CO
SUBJECT: THE WEEK IN COLOMBIA

1. SUMMARY. CAMPAIGNING FOR THE FEBRUARY 26 ELECTIONS IS COMING TO AN END AND PROSPECTS ARE FOR A GENERALLY PEACEFUL ELECTION DAY. LEADING OFFICERS OF THE SENATE HAVE BEEN ACCUSED OF IRREGULARITIES IN A CASE RESEMBLING THAT OF CHAMBER OF REPRESENTATIVES PRESIDENT SANTOFIMIO. THE GOVERNMENT IS MOVING CAUTIOUSLY IN RELAXING MONETARY CONTROLS. PRESIDENT LOPEZ HAS LIMITED THE EXTRAORDINARY SESSION OF CONGRESS, SCHEDULED TO BEGIN IN MARCH, TO THE ISSUE OF SALARY INCREASES FOR GOVERNMENT WORKERS. TERRORIST BOMBINGS CAUSED MINOR DAMAGE TO THE CAMPAIGN HEADQUARTERS OF THREE PRESIDENTIAL CANDIDATES. END SUMMARY.

2. ELECTION CAMPAIGNING ENDS. ACTIVE CAMPAIGNING FOR THE FEBRUARY 26 CONGRESSIONAL AND LOCAL ELECTIONS, WHICH HAS BEEN EXTENSIVE BUT RELATIVELY FREE OF VIOLENCE (SEE PAR 6 BELOW),
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WILL END ON OFEBRUARY 19 AS REQUIRED BY COLOMBIAN LAW. THE ELECTION WILL ALSO SERVE AS A PSEUDO PRESIDENTIAL PRIMARY FOR THE LIBERAL PARTY, AND JULIO CESAR TURBAY SEEMS TO HAVE A SLIGHT EDGE OVER HIS PRINCIPAL OPPONENT, CARLOS LLERAS. ABSENTEEISM, AS USUAL IN COLOMBIAN ELECTIONS, IS EXPECTED TO BE HIGH, A FIFTY PERCENT - SIXTY PERCENT STAYAWAY RATE NOT UNCOMMON. SECURITY FORCES WILL BE FULL DEPLOYED TO ENSURE PUBLIC ORDER,

ALSO CUSTOMARY IN COLOMBIAN ELECTIONS. THE OUTLOOK, HOWEVER, IS FOR A GENERALLY PEACEFUL ELECTION DAY.

3. SENATE CORRUPTION CHARGED. THE SENATE PRESIDENT, VICE PRESIDENT, AND OTHER SENATORS HAVE BEEN ACCUSED OF APPROVING FRAUDULENT SERVICE CONTRACTS IN A CASE SIMILAR TO THAT INVOLVING CHAMBER OF REPRESENTATIVES PRESIDENT ALBERTO SANTOFIMIO (BOGOTA 1113). SENATE PRESIDENT EDMUNDO LOPEZ, LIKE SANTOFIMIO, IS A MAJOR SUPPORTER OF LIBERAL PRESIDENTIAL PRE-CANDIDATE TURBAY, WHILE VICE PRESIDENT ROBERTO GERLEIN IS AN OSPINISTA CONSERVATIVE. FORMAL INVESTIGATION OF THE CHARGES HAS NOT YET BEGUN, HOWEVER, AND THE ALLEGATIONS ARE NOT EXPECTED TO BECOME A MAJOR ISSUE IN NEXT WEEK'S CONGRESSIONAL ELECTIONS.

4. GOVERNMENT MOVES CAUTIOUSLY TO RELAX MONETARY CONTROLS. THE MONETARY BOARD THIS WEEK REDUCED THE LEGAL RESERVE REQUIREMENTS BY 1.5 PERCENT AND REDUCED THE CENTRAL BANK DISCOUNT ON CERTIFICATES OF EXCHANGE BY A HALF PERCENT. THE 100 PERCENT MARGINAL RESERVE REQUIREMENT REMAINS IN PLACE, HOWEVER, SO THAT THE BANKS CAN LEND THE ESTIMATED 1.2 BILLION PESOS IN EXTRA LIQUIDITY ONLY AS PART OF DEVELOPMENT LINES OF CREDIT. THE DISCOUNT ON CERTIFICATES IS ANOTHER MOVE TO REDUCE THE YIELD ON THESE INSTRUMENTS TO REVERSE THE DISINTERMEDIATION WHICH THEY HAVE CAUSED. THE PRIVATE SECTOR WAS DISAPPOINTED BY THESE MODEST MEASURES BECAUSE RECENT SUCCESS IN THE INFLATION FIGHT HAD LED THEM TO EXPECT A MORE SIGNIFICANT RELAXATION OF CONTROLS. LIMITED OFFICIAL USE

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THE INFLATION RATE IN JANUARY HAD BEEN ONLY .9 PERCENT FOR WORKERS AND 1.4 PERCENT FOR EMPLOYEES, SEASONALLY ADJUSTED ANNUAL RATES OF ONLY 10 AND 14 PERCENT. THE GOVERNMENT HAS ALSO REMAINED CONSERVATIVE IN THE MANAGEMENT OF THE PESO, HAVING DEVALUED IT ONLY .4 PERCENT SINCE THE END OF THE YEAR, AN ANNUAL RATE OF ONLY 3 PERCENT.

5. SPECIAL SESSION OF CONGRESS PROPOSED. PRESIDENT LOPEZ HAS ANNOUNCED THAT THE EXTRAORDINARY SESSION OF CONGRESS PROPOSED FOR MARCH WILL BE LIMITED TO THE DISCUSSION OF INCREASED SALARIES FOR GOVERNMENT WORKERS. THE NATIONAL TEACHERS FEDERATION HAS BEEN ASKING THAT CONGRESS COMPLETELY REVIEW GOVERNMENT STATUTES PERTAINING TO EDUCATION AND INCREASE TEACHERS' SALARIES BY FIFTY PERCENT, BUT LOPEZ SPECIFICALLY OPPOSED BOTH PROPOSALS.

6. PUBLIC ORDER. THE PEDRO LEON ARBOLEDA FRONT, A PRO-CINESE URBAN GUERRILLA ORGANIZATION, CLAIMED CREDIT FOR THE BOMBINGS ON FEBRUARY 12 OF THE CAMPAIGN HEADQUARTERS OF LIBERAL PRESIDENTIAL PRE-CANDIDATES CARLOS LLERAS AND HERNANDO AGUDELO AND CONSERVATIVE CANDIDATE BELISARIO BETANCUR. AUTHORITIES LATER ANNOUNCED THE ARREST OF SEVERAL SUSPECTS AND SAID

THAT THE THREE BOMBINGS, WHICH CAUSED ONLY LIMITED DAMAGE,
WERE PART OF A LARGER PLOT TO DISRUPT THE FEBRUARY 26 ELECTIONS.
ANOTHER BOMBING, OF THE LUFTHANSA AIRLINE OFFICE IN BOGOTA,
OCCURED ON FEBRUARY 17 AND CAUSED CONSIDERABLE PROPERTY DAMAGE;
NO ORGANIZATION HAS YET CLAIMED CREDIT FOR THIS ATTACK. OUTSIDE
OF BOGOTA, A LABOR DISPUTE BETWEEN UNION AND INDEPENDENT
WORKERS AT THE COGOTE MINES NEAR SEGOVIA MUNICIPALITY, ANTIOQUIA
DEPARTMENT, LED AUTHORITIES TO PLACE THE MUNICIPALITY UNDER
MARTIAL LAW. THE MINES ARE OPERATED BY FRONTINO GOLD MINES,
A U.S. COMPANY.
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Message Attributes

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